

1 Laurence M. Rosen, Esq. (SBN 219683)
2 **THE ROSEN LAW FIRM, P.A.**
3 355 South Grand Avenue, Suite 2450
4 Los Angeles, CA 90071
5 Telephone: (213) 785-2610
6 Facsimile: (213) 226-4684
7 Email: lrosen@rosenlegal.com

8 *Counsel for Plaintiff*

9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**

11 DAVID PIPPINS, Individually And On
12 Behalf Of All Others Similarly Situated,

13 Plaintiff,

14 v.

15 ABBVIE INC., RICHARD A.
16 GONZALEZ, and WILLIAM J. CHASE,
17

18 Defendants.
19

Case No:

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

JURY TRIAL DEMANDED

20 Plaintiff David Pippins (“Plaintiff”), individually and on behalf of all other
21 persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s
22 complaint against Defendants (defined below), alleges the following based upon
23 personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and
24 belief as to all other matters, based upon, inter alia, the investigation conducted by
25 and through Plaintiff’s attorneys, which included, among other things, a review of the
26 defendants’ public documents, conference calls and announcements made by
27 defendants, United States Securities and Exchange Commission (“SEC”) filings, wire
28 and press releases published by and regarding AbbVie Inc. (“AbbVie” or the

1 “Company”), analysts’ reports and advisories about the Company, and information
2 readily obtainable on the Internet. Plaintiff believes that substantial evidentiary
3 support will exist for the allegations set forth herein after a reasonable opportunity for
4 discovery.

5 **NATURE OF THE ACTION**

6 1. This is a federal securities class action on behalf of a class consisting of
7 all persons and entities other than Defendants who purchased or otherwise acquired
8 the publicly traded securities of AbbVie between October 25, 2013 and September
9 18, 2018, both dates inclusive (the “Class Period”). Plaintiff seeks to recover
10 compensable damages caused by Defendants’ violations of the federal securities laws
11 and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange
12 Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder.
13

14 **JURISDICTION AND VENUE**

15 2. The claims asserted herein arise under and pursuant to §§10(b) and 20(a)
16 of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated
17 thereunder by the SEC (17 C.F.R. §240.10b-5).

18 3. This Court has jurisdiction over the subject matter of this action under
19 28 U.S.C. §1331 and §27 of the Exchange Act.

20 4. Venue is proper in this Judicial District pursuant to §27 of the Exchange
21 Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b) as AbbVie conducts business in this
22 Judicial District, and the alleged misstatements entered and subsequent damages took
23 place within this District.

24 5. In connection with the acts, conduct and other wrongs alleged in this
25 Complaint, Defendants, directly or indirectly, used the means and instrumentalities of
26 interstate commerce, including but not limited to, the United States mail, interstate
27 telephone communications and the facilities of the national securities exchange.
28

PARTIES

6. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, purchased AbbVie common stock during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

7. Defendant AbbVie is a Delaware corporation. AbbVie discovers, develops, manufactures, and sells pharmaceutical products worldwide. The Company's securities are traded on NYSE under the ticker symbol "ABBV."

8. Defendant Richard A. Gonzalez ("Gonzalez") has served as AbbVie's Chief Executive Officer ("CEO") since 2012 and serves as Chairman of the Board of Directors.

9. Defendant William J. Chase ("Chase") has served as AbbVie's Executive Vice President, Chief Financial Officer ("CFO") during the Class Period.

10. Defendants Gonzalez and Chase are collectively referred to hereinafter as the "Individual Defendants."

11. Each of the Individual Defendants:

- (a) directly participated in the management of the Company;
- (b) was directly involved in the day-to-day operations of the Company at the highest levels;
- (c) was privy to confidential proprietary information concerning the Company and its business and operations;
- (d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;
- (e) was directly or indirectly involved in the oversight or implementation of the Company's internal controls;

- 1 (f) was aware of or recklessly disregarded the fact that the false and
2 misleading statements were being issued concerning the Company; and/or
3 (g) approved or ratified these statements in violation of the federal securities
4 laws.

5 12. The Company is liable for the acts of the Individual Defendants and its
6 employees under the doctrine of *respondeat superior* and common law principles of
7 agency because all of the wrongful acts complained of herein were carried out within
8 the scope of their employment.

9 13. The scienter of the Individual Defendants and other employees and
10 agents of the Company is similarly imputed to the Company under *respondeat*
11 *superior* and agency principles.

12 14. The Company and the Individual Defendants are referred to herein,
13 collectively, as the “Defendants.”

15 SUBSTANTIVE ALLEGATIONS

16 Factual Background

17 15. HUMIRA is AbbVie’s blockbuster drug, which is used to treat Crohn’s
18 disease, rheumatoid arthritis, ulcerative colitis, psoriasis, and other ailments.

19 16. In 2017, HUMIRA’s sales were \$18.4 billion. HUMIRA accounted for
20 approximately 65% of AbbVie’s net revenue for the fiscal year.

21 17. On April 5, 2013, the Company filed its amended annual report for the
22 fiscal year ended December 31, 2012 on Form 10-K (the “2012 10-K/A”) with the
23 SEC, which provided the Company’s annual financial results and position. The 2012
24 10-K/A was signed by Defendants Gonzalez and Chase.

25 18. The 2012 10-K/A provided the Company’s strategic objectives, stating
26 in relevant part:

27 Strategic Objectives

28

1 *AbbVie's long-term strategy is to maximize its existing portfolio*
 2 *through new indications, share gains, increased reach and*
 3 *geographic expansion in underserved markets while also advancing*
 4 *its new product pipeline. To successfully execute its long-term*
 5 *strategy, AbbVie will focus on expanding HUMIRA sales, advancing*
 6 *the pipeline, expanding its presence in emerging markets and*
 7 *managing its product portfolio to maximize value.*

8 *AbbVie expects to continue to drive strong HUMIRA sales growth in*
 9 *several ways. AbbVie seeks to expand the HUMIRA patient base by*
 10 *applying for regulatory approval of new indications for HUMIRA,*
 11 *treating conditions such as axial and peripheral spondyloarthritis*
 12 *and uveitis. AbbVie will also seek to drive HUMIRA sales growth by*
 13 *expanding its market share and its presence in underserved markets.*

14 (Emphasis added.)

15 **Materially False and Misleading**

16 **Statements Issued During the Class Period**

17 19. On October 25, 2013, the Company filed a Form 8-K with the SEC
 18 announcing its third quarter 2013 fiscal results ("3Q 2013 Press Release"). In the 3Q
 19 2013 Press Release, Defendant Gonzalez stated that AbbVie's "third-quarter
 20 performance demonstrates the strength and durability of our product portfolio and the
 21 continued execution of our key strategic priorities as an independent
 22 biopharmaceutical company[.]"

23 20. On February 21, 2014, the Company filed its annual report for the fiscal
 24 year ended December 31, 2013 on Form 10-K (the "2013 10-K") with the SEC,
 25 which provided the Company's annual financial results and position. The 2013 10-K
 26 was signed by Defendants Gonzalez and Chase. The 2013 10-K also contained signed
 27 certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") by Defendants
 28 Gonzalez and Chase attesting to the accuracy of financial reporting, the disclosure of
 any material changes to the Company's internal controls over financial reporting, and
 the disclosure of all fraud.

1 21. The 2013 10-K enumerated the Company's strategic objectives to "drive
2 HUMIRA sales growth[,]” stating in relevant part:

3 **Strategic Objectives**

4
5 AbbVie's long-term strategy is to maximize its existing portfolio of
6 products through new indications, share gains, increased geographic
7 expansion in underserved markets while also advancing its new
8 product pipeline to meet unmet medical needs. *To successfully*
9 *execute its long-term strategy, AbbVie will focus on expanding*
10 *HUMIRA sales, advancing the pipeline, expanding its presence in*
11 *emerging markets and managing its product portfolio to maximize*
12 *value.*

13 *AbbVie expects to continue to drive strong HUMIRA sales growth in*
14 *several ways. AbbVie seeks to expand the HUMIRA patient base by*
15 *applying for regulatory approval of new indications for HUMIRA,*
16 *treating conditions such as uveitis, hidradenitis suppurativa and*
17 *pediatric Crohn's disease. AbbVie will also seek to drive HUMIRA*
18 *sales growth by expanding its market share and its presence in*
19 *underserved markets.*

20 (Emphasis added).

21 22. The 2013 10-K stated the Company is subject to anti-kickback laws and
22 state laws relating to sales and marketing practices, stating in relevant part:

23 **Laws and regulations affecting government benefit programs**
24 **could impose new obligations on AbbVie, require it to change its**
25 **business practices, and restrict its operations in the future.**

26 The health care industry is subject to various federal, state, and
27 international laws and regulations pertaining to government benefit
28 programs reimbursement, rebates, price reporting and regulation, and
health care fraud and abuse. In the United States, these laws include
anti-kickback and false claims laws, the Medicaid Rebate Statute, the
Veterans Health Care Act, and individual state laws relating to pricing
and sales and marketing practices. Violations of these laws may be
punishable by criminal and/or civil sanctions, including, in some

1 instances, substantial fines, imprisonment, and exclusion from
 2 participation in federal and state health care programs, including
 3 Medicare, Medicaid, and Veterans Administration health programs.
 4 These laws and regulations are broad in scope and they are subject to
 5 change and evolving interpretations, which could require AbbVie to
 6 incur substantial costs associated with compliance or to alter one or
 7 more of its sales or marketing practices. In addition, violations of
 these laws, or allegations of such violations, could disrupt AbbVie's
 business and result in a material adverse effect on its business and
 results of operations.

8 23. On February 20, 2015, the Company filed its annual report for the fiscal
 9 year ended December 31, 2014 on Form 10-K (the "2014 10-K") with the SEC,
 10 which provided the Company's annual financial results and position. The 2014 10-K
 11 was signed by Defendants Gonzalez and Chase. The 2014 10-K also contained signed
 12 SOX certifications by Defendants Gonzalez and Chase attesting to the accuracy of
 13 financial reporting, the disclosure of any material changes to the Company's internal
 14 controls over financial reporting, and the disclosure of all fraud.

15 24. The 2014 10-K enumerated the Company's strategic objectives for 2015
 16 to "continue to drive strong HUMIRA sales growth[,]”stating in relevant part:

17 **2015 Strategic Objectives**

18
 19 *In 2015, AbbVie expects sales performance to be driven by*
 20 *continued strong growth from HUMIRA, the launch of VIEKIRA*
 21 *PAK, and sales growth in certain key products including Creon and*
 22 *Duodopa, partially offset by a decline in several products due to*
 23 *generic competition, including AndroGel 1% and the remainder of*
 24 *the lipid franchise.* In addition, AbbVie expects to achieve operating
 25 margin improvements while continuing to invest in its pipeline in
 26 support of opportunities in oncology, HCV, and immunology, as well
 27 as continued investment in key products. AbbVie expects to grow
 28 operating cash flows in 2015, which will enable the company to
 continue to augment its pipeline through concerted focus on strategic
 licensing, acquisition and partnering activity and returning cash to
 shareholders via dividends and share repurchases.

1 *AbbVie expects to continue to drive strong HUMIRA sales growth in*
 2 *several ways. AbbVie seeks to expand the HUMIRA patient base by*
 3 *applying for regulatory approval of new indications for HUMIRA,*
 4 *treating conditions such as uveitis and hidradenitis suppurativa.*
 5 *AbbVie will also seek to drive HUMIRA sales growth by expanding*
 6 *its market share and its presence in underserved markets. AbbVie*
 7 *plans to continue making investments in key emerging markets,*
 8 *including Brazil, China, and Russia.*

9 (Emphasis added.)

10 25. The 2014 10-K stated the Company is subject to anti-kickback laws and
 11 state laws relating to sales and marketing practices, stating in relevant part:

12 **Laws and regulations affecting government benefit programs**
 13 **could impose new obligations on AbbVie, require it to change its**
 14 **business practices, and restrict its operations in the future.**

15 The health care industry is subject to various federal, state, and
 16 international laws and regulations pertaining to government benefit
 17 programs reimbursement, rebates, price reporting and regulation, and
 18 health care fraud and abuse. In the United States, these laws include
 19 anti-kickback and false claims laws, the Medicaid Rebate Statute, the
 20 Veterans Health Care Act, and individual state laws relating to pricing
 21 and sales and marketing practices. Violations of these laws may be
 22 punishable by criminal and/or civil sanctions, including, in some
 23 instances, substantial fines, imprisonment, and exclusion from
 24 participation in federal and state health care programs, including
 25 Medicare, Medicaid, and Veterans Administration health programs.
 26 These laws and regulations are broad in scope and they are subject to
 27 change and evolving interpretations, which could require AbbVie to
 28 incur substantial costs associated with compliance or to alter one or
 more of its sales or marketing practices. In addition, violations of
 these laws, or allegations of such violations, could disrupt AbbVie's
 business and result in a material adverse effect on its business and
 results of operations.

26 26. On February 19, 2016, the Company filed its annual report for the fiscal
 27 year ended December 31, 2015 on Form 10-K (the "2015 10-K") with the SEC,
 28 which provided the Company's annual financial results and position. The 2015 10-K

1 was signed by Defendants Gonzalez and Chase. The 2015 10-K also contained signed
 2 SOX certifications by Defendants Gonzalez and Chase attesting to the accuracy of
 3 financial reporting, the disclosure of any material changes to the Company's internal
 4 controls over financial reporting, and the disclosure of all fraud.

5 27. The 2015 10-K enumerated the Company's strategic objectives for 2016
 6 to increase "HUMIRA sales growth[,]" stating in relevant part:

7 **2016 Strategic Objectives**

8
 9 AbbVie's mission is to be an innovation-driven, patient-focused
 10 specialty biopharmaceutical company capable of achieving top-tier
 11 financial performance through outstanding execution and a consistent
 12 stream of innovative new medicines. *AbbVie intends to continue to*
 13 *advance its mission in a number of ways, including (i) growing*
 14 *revenues through continued strong performance from its existing*
 15 *portfolio of on-market products, including its flagship brands,*
 16 *HUMIRA, IMBRUVICA and VIEKIRA PAK, as well as growth*
 17 *from pipeline products; (ii) expanding gross and operating margins;*
 18 *(iii) continued investment in its pipeline in support of opportunities in*
 19 *immunology, oncology, and virology, as well as continued investment*
 20 *in key on-market products; (iv) augmentation of its pipeline through*
 21 *concerted focus on strategic licensing, acquisition and partnering*
 22 *activity with a focus on identifying compelling programs that fit*
 23 *AbbVie's strategic criteria; and (v) returning cash to shareholders via*
 24 *dividends and share repurchases. In addition, AbbVie anticipates*
 25 *several regulatory submissions and key data readouts from key*
 26 *clinical trials in 2016.*

27 *AbbVie expects to achieve its revenue growth objectives as*
 28 *follows:*

- *HUMIRA sales growth by driving biologic penetration across*
disease categories, increasing market leadership, strong commercial
execution and expansion to new indications for hidradenitis
suppurativa (regulatory approval in the United States and EU
achieved in 2015) and uveitis (regulatory submissions in the United
States and the EU are under review with approval expected in
2016).

(Emphasis added.)

1 28. The 2015 10-K stated the Company is subject to anti-kickback laws and
 2 state laws relating to sales and marketing practices, stating in relevant part:

3 **Laws and regulations affecting government benefit programs**
 4 **could impose new obligations on AbbVie, require it to change its**
 5 **business practices, and restrict its operations in the future.**

6 The health care industry is subject to various federal, state, and
 7 international laws and regulations pertaining to government benefit
 8 programs reimbursement, rebates, price reporting and regulation, and
 9 health care fraud and abuse. In the United States, these laws include
 10 anti-kickback and false claims laws, the Medicaid Rebate Statute, the
 11 Veterans Health Care Act, and individual state laws relating to pricing
 12 and sales and marketing practices. Violations of these laws may be
 13 punishable by criminal and/or civil sanctions, including, in some
 14 instances, substantial fines, imprisonment, and exclusion from
 15 participation in federal and state health care programs, including
 16 Medicare, Medicaid, and Veterans Administration health programs.
 17 These laws and regulations are broad in scope and they are subject to
 18 change and evolving interpretations, which could require AbbVie to
 19 incur substantial costs associated with compliance or to alter one or
 20 more of its sales or marketing practices. In addition, violations of
 21 these laws, or allegations of such violations, could disrupt AbbVie's
 22 business and result in a material adverse effect on its business and
 23 results of operations.

24 29. On February 17, 2017, the Company filed its annual report for the fiscal
 25 year ended December 31, 2016 on Form 10-K (the "2016 10-K") with the SEC,
 26 which provided the Company's annual financial results and position. The 2016 10-K
 27 was signed by Defendants Gonzalez and Chase. The 2016 10-K also contained signed
 28 SOX certifications by Defendants Gonzalez and Chase attesting to the accuracy of
 financial reporting, the disclosure of any material changes to the Company's internal
 controls over financial reporting, and the disclosure of all fraud.

30. The 2016 10-K enumerated the Company's strategic objectives for 2017
 to drive "HUMIRA sales growth[,] "stating in relevant part:

2017 Strategic Objectives

AbbVie's mission is to be an innovation-driven, patient-focused specialty biopharmaceutical company capable of achieving top-tier financial performance through outstanding execution and a consistent stream of innovative new medicines. *AbbVie intends to continue to advance its mission in a number of ways, including: (i) growing revenues through continued strong performance from its existing portfolio of on-market products, including its flagship brands, HUMIRA and IMBRUVICA as well as growth from pipeline products;* (ii) expanding operating margins; (iii) continued investment in its pipeline in support of opportunities in immunology, oncology, virology and neurology as well as continued investment in key on-market products; (iv) augmentation of its pipeline through concerted focus on strategic licensing, acquisition and partnering activity with a focus on identifying compelling programs that fit AbbVie's strategic criteria; and (v) returning cash to shareholders via dividends and share repurchases. In addition, AbbVie anticipates several regulatory submissions and key data readouts from key clinical trials in the next twelve months.

AbbVie expects to achieve its strategic objectives as follows:

- *HUMIRA sales growth by driving biologic penetration across disease categories, increasing market leadership and strong commercial execution.*

(Emphasis added.)

31. The 2016 10-K stated the Company is subject to anti-kickback laws and state laws relating to sales and marketing practices, stating in relevant part:

Laws and regulations affecting government benefit programs could impose new obligations on AbbVie, require it to change its business practices, and restrict its operations in the future.

The health care industry is subject to various federal, state and international laws and regulations pertaining to government benefit programs reimbursement, rebates, price reporting and regulation and health care fraud and abuse. In the United States, these laws include anti-kickback and false claims laws, the Medicaid Rebate Statute, the Veterans Health Care Act and individual state laws relating to pricing and sales and marketing practices. Violations of these laws may be

1 punishable by criminal and/or civil sanctions, including, in some
 2 instances, substantial fines, imprisonment and exclusion from
 3 participation in federal and state health care programs, including
 4 Medicare, Medicaid and Veterans Administration health programs.
 5 These laws and regulations are broad in scope and they are subject to
 6 change and evolving interpretations, which could require AbbVie to
 7 incur substantial costs associated with compliance or to alter one or
 8 more of its sales or marketing practices. In addition, violations of
 these laws, or allegations of such violations, could disrupt AbbVie's
 business and result in a material adverse effect on its business and
 results of operations.

9 32. On February 16, 2018, the Company filed its annual report for the fiscal
 10 year ended December 31, 2017 on Form 10-K (the "2017 10-K") with the SEC,
 11 which provided the Company's annual financial results and position. The 2017 10-K
 12 was signed by Defendants Gonzalez and Chase. The 2017 10-K also contained signed
 13 SOX certifications by Defendants Gonzalez and Chase attesting to the accuracy of
 14 financial reporting, the disclosure of any material changes to the Company's internal
 15 controls over financial reporting, and the disclosure of all fraud.

16 33. The 2017 10-K enumerated the Company's strategic objectives for 2018
 17 to drive "HUMIRA sales growth[,]”stating in relevant part:

18 **2018 Strategic Objectives**

19 AbbVie's mission is to be an innovation-driven, patient-focused
 20 specialty biopharmaceutical company capable of achieving top-tier
 21 financial performance through outstanding execution and a consistent
 22 stream of innovative new medicines. AbbVie intends to continue to
 23 advance its mission in a number of ways, including: (i) growing
 24 revenues by diversifying revenue streams, driving late-stage pipeline
 25 assets to the market and ensuring strong commercial execution of new
 26 product launches; (ii) continued investment and expansion in its
 27 pipeline in support of opportunities in immunology, oncology and
 28 neurology as well as continued investment in key on-market products;
 (iii) expanding operating margins; and (iv) returning cash to
 shareholders via dividends and share repurchases. In addition, AbbVie

1 anticipates several regulatory submissions and key data readouts from
2 key clinical trials in the next twelve months.

AbbVie expects to achieve its strategic objectives through:

- 3 • *HUMIRA sales growth by driving biologic penetration*
4 *across disease categories, maintaining market leadership*
5 *and effectively managing biosimilar erosion.*

6 (Emphasis added).

7 34. The 2017 10-K stated the Company is subject to anti-kickback laws and
8 state laws relating to sales and marketing practices, stating in relevant part:

9 **Laws and regulations affecting government benefit programs**
10 **could impose new obligations on AbbVie, require it to change its**
11 **business practices, and restrict its operations in the future.**

12 The health care industry is subject to various federal, state and
13 international laws and regulations pertaining to government benefit
14 programs reimbursement, rebates, price reporting and regulation and
15 health care fraud and abuse. In the United States, these laws include
16 anti-kickback and false claims laws, the Medicaid Rebate Statute, the
17 Veterans Health Care Act and individual state laws relating to pricing
18 and sales and marketing practices. Violations of these laws may be
19 punishable by criminal and/or civil sanctions, including, in some
20 instances, substantial fines, imprisonment and exclusion from
21 participation in federal and state health care programs, including
22 Medicare, Medicaid and Veterans Administration health programs.
23 These laws and regulations are broad in scope and they are subject to
24 change and evolving interpretations, which could require AbbVie to
25 incur substantial costs associated with compliance or to alter one or
26 more of its sales or marketing practices. In addition, violations of
27 these laws, or allegations of such violations, could disrupt AbbVie's
28 business and result in a material adverse effect on its business and
results of operations.

(Emphasis added).

35. The statements contained in ¶¶19-34 were materially false and/or
misleading because they misrepresented and failed to disclose the following adverse

1 facts pertaining to the Company's business, operational and financial results, which
 2 were known to Defendants or recklessly disregarded by them. Specifically,
 3 Defendants made false and/or misleading statements and/or failed to disclose that: (1)
 4 AbbVie's strategy to increase the sales growth of its blockbuster drug, HUMIRA,
 5 was through illegal kickbacks and unlawful sales and marketing tactics; (2) such
 6 practices would lead to heightened scrutiny by State governments and agencies; and
 7 (3) as a result, Defendants' public statements were materially false and misleading at
 8 all relevant times.

9 **The Truth Begins to Emerge**

10 36. On September 18, 2018, Bloomberg published an article entitled,
 11 "California Sues AbbVie Over Alleged Arthritis Drug Kickbacks," asserting the State
 12 of California filed a lawsuit against AbbVie for engaging in a kickback scheme aimed
 13 to boost HUMIRA sales (the "California Complaint"). The article provides that the
 14 lawsuit seeks damages involving "private insurance claims." The article states, in
 15 relevant part:

16 California's insurance regulator is suing AbbVie Inc., alleging that the
 17 pharmaceutical giant gave illegal kickbacks to health-care providers in
 18 order to keep patients on its blockbuster rheumatoid arthritis drug
 19 Humira.

20 The company "engaged in a far-reaching scheme including both
 21 classic kickbacks -- cash, meals, drinks, gifts, trips, and patient
 22 referrals -- and more sophisticated ones -- free and valuable
 23 professional goods and services to physicians to induce and reward
 24 Humira prescriptions," the California Department of Insurance said in
 25 a statement.

26 According to the state, AbbVie paid for registered nurses that it called
 27 ambassadors to help doctors with patients who were taking Humira.
 28 While the nurses were represented to patients as an extension of the
 doctor's office, they were trained to tout the drug while downplaying
 its risks, the state said.

1 “AbbVie spent millions convincing patients and health care
2 professionals that AbbVie Ambassadors were patient advocates -- in
3 fact, the Ambassadors were Humira advocates hired to do one thing,
4 keep patients on a dangerous drug at any cost,” Insurance
Commissioner Dave Jones said in the statement.

5 The alleged misconduct “is particularly egregious because it’s well
6 known the drug has very adverse side effects,” said Jones in a press
7 conference. Under the ambassador system, complaints or concerns
8 about serious infections, blood problems, or even heart failure -- all
9 known side effects of Humira -- could go unreported to patients’
physicians, he said.

10 * * *

11 Humira is one of the world’s biggest-selling medications. The drug
12 brought in \$18.4 billion in 2017, accounting for roughly two-thirds of
13 North Chicago, Illinois-based AbbVie’s revenue. Private insurers
14 have paid out \$1.2 billion in Humira-related claims, according to
Jones.

15 * * *

16 Jones is intervening in a whistleblower complaint filed in California
17 by a nurse who was employed as an AbbVie ambassador in Florida
18 several years ago. The suit, filed in Alameda County Superior Court,
19 seeks three times the amount of each claim made for Humira as a
20 result of the alleged kickbacks. The lawsuit involves private insurance
claims, said Nancy Kincaid, a spokeswoman for the California
Department of Insurance.

21 37. According to the California Complaint, relator-plaintiff Lazaro Suarez
22 worked for AbbVie via its sub-contractor, Quintiles Transactional Holdings, Inc., as a
23 “Nurse Educator” and “Patient Ambassador” from approximately March 23, 2013
24 and October 2014. In that position, he “became aware of AbbVie’s [kickback]
25 scheme nationwide, including in California, because of his role as a trainer, among
26 other ways. After leaving his employment, Mr. Suarez continued to obtain
27 information about the allegations [described in the California Complaint], including
28

1 through ongoing contacts with AbbVie and Quintiles personnel.” The California
2 Complaint states the alleged fraudulent conduct occurred from 2013 to the present.

3 38. On this news, shares of AbbVie fell \$4.35 per share or over 4.5% over
4 the next two consecutive trading days to close at \$91.02 per share on September 19,
5 2018.

6 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

7 39. Plaintiff brings this action as a class action pursuant to Federal Rule of
8 Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who
9 purchased or otherwise acquired the publicly traded securities of AbbVie during the
10 Class Period (the “Class”); and were damaged upon the revelation of the alleged
11 corrective disclosures. Excluded from the Class are Defendants herein, the officers
12 and directors of the Company, at all relevant times, members of their immediate
13 families and their legal representatives, heirs, successors or assigns and any entity in
14 which Defendants have or had a controlling interest.

15 40. The members of the Class are so numerous that joinder of all members is
16 impracticable. Throughout the Class Period, AbbVie securities were actively traded
17 on the NYSE. While the exact number of Class members is unknown to Plaintiff at
18 this time and can be ascertained only through appropriate discovery, Plaintiff believes
19 that there are hundreds or thousands of members in the proposed Class. Record
20 owners and other members of the Class may be identified from records maintained by
21 the Company or its transfer agent and may be notified of the pendency of this action
22 by mail, using the form of notice similar to that customarily used in securities class
23 actions.

24 41. Plaintiff’s claims are typical of the claims of the members of the Class as
25 all members of the Class are similarly affected by Defendants’ wrongful conduct in
26 violation of federal law that is complained of herein.

27 42. Plaintiff will fairly and adequately protect the interests of the members
28 of the Class and has retained counsel competent and experienced in class and

1 securities litigation. Plaintiff has no interests antagonistic to or in conflict with those
2 of the Class.

3 43. Common questions of law and fact exist as to all members of the Class
4 and predominate over any questions solely affecting individual members of the Class.
5 Among the questions of law and fact common to the Class are:

- 6 • whether the federal securities laws were violated by Defendants' acts as
7 alleged herein;
- 8 • whether statements made by Defendants to the investing public during
9 the Class Period misrepresented material facts about the financial condition,
10 business, operations, and management of the Company;
- 11 • whether Defendants' public statements to the investing public during the
12 Class Period omitted material facts necessary to make the statements made, in
13 light of the circumstances under which they were made, not misleading;
- 14 • whether the Individual Defendants caused the Company to issue false
15 and misleading SEC filings and public statements during the Class Period;
- 16 • whether Defendants acted knowingly or recklessly in issuing false and
17 misleading SEC filings and public statements during the Class Period;
- 18 • whether the prices of AbbVie securities during the Class Period were
19 artificially inflated because of the Defendants' conduct complained of herein;
20 and
- 21 • whether the members of the Class have sustained damages and, if so,
22 what is the proper measure of damages.

23 44. A class action is superior to all other available methods for the fair and
24 efficient adjudication of this controversy since joinder of all members is
25 impracticable. Furthermore, as the damages suffered by individual Class members
26 may be relatively small, the expense and burden of individual litigation make it
27 impossible for members of the Class to individually redress the wrongs done to them.
28 There will be no difficulty in the management of this action as a class action.

1 45. Plaintiff will rely, in part, upon the presumption of reliance established
2 by the fraud-on-the-market doctrine in that:

- 3 • Defendants made public misrepresentations or failed to disclose material
4 facts during the Class Period;
- 5 • the omissions and misrepresentations were material;
- 6 • AbbVie securities are traded in efficient markets;
- 7 • the Company's securities were liquid and traded with moderate to heavy
8 volume during the Class Period;
- 9 • the Company traded on the NYSE, and was covered by multiple
10 analysts;
- 11 • the misrepresentations and omissions alleged would tend to induce a
12 reasonable investor to misjudge the value of the Company's securities; and
- 13 • Plaintiff and members of the Class purchased and/or sold AbbVie
14 securities between the time the Defendants failed to disclose or misrepresented
15 material facts and the time the true facts were disclosed, without knowledge of
16 the omitted or misrepresented facts.

17 46. Based upon the foregoing, Plaintiff and the members of the Class are
18 entitled to a presumption of reliance upon the integrity of the market.

19 47. Alternatively, Plaintiff and the members of the Class are entitled to the
20 presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of*
21 *the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants
22 omitted material information in their Class Period statements in violation of a duty to
23 disclose such information, as detailed above.

24 **COUNT I**

25 **Violation of Section 10(b) of The Exchange Act and Rule 10b-5**

26 **Against All Defendants**

27 48. Plaintiff repeats and realleges each and every allegation contained above
28 as if fully set forth herein.

1 49. This Count is asserted against the Company and the Individual
2 Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b),
3 and Rule 10b-5 promulgated thereunder by the SEC.

4 50. During the Class Period, the Company and the Individual Defendants,
5 individually and in concert, directly or indirectly, disseminated or approved the false
6 statements specified above, which they knew or deliberately disregarded were
7 misleading in that they contained misrepresentations and failed to disclose material
8 facts necessary in order to make the statements made, in light of the circumstances
9 under which they were made, not misleading.

10 51. The Company and the Individual Defendants violated §10(b) of the 1934
11 Act and Rule 10b-5 in that they:

- 12 • employed devices, schemes and artifices to defraud;
- 13 • made untrue statements of material facts or omitted to state material
14 facts necessary in order to make the statements made, in light of the
15 circumstances under which they were made, not misleading; or
- 16 • engaged in acts, practices and a course of business that operated as a
17 fraud or deceit upon plaintiff and others similarly situated in connection with
18 their purchases of AbbVie securities during the Class Period.

19 52. The Company and the Individual Defendants acted with scienter in that
20 they knew that the public documents and statements issued or disseminated in the
21 name of the Company were materially false and misleading; knew that such
22 statements or documents would be issued or disseminated to the investing public; and
23 knowingly and substantially participated, or acquiesced in the issuance or
24 dissemination of such statements or documents as primary violations of the securities
25 laws. These defendants by virtue of their receipt of information reflecting the true
26 facts of the Company, their control over, and/or receipt and/or modification of the
27 Company's allegedly materially misleading statements, and/or their associations with
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1 the Company which made them privy to confidential proprietary information
2 concerning the Company, participated in the fraudulent scheme alleged herein.

3 53. Individual Defendants, who are the senior officers and/or directors of the
4 Company, had actual knowledge of the material omissions and/or the falsity of the
5 material statements set forth above, and intended to deceive Plaintiff and the other
6 members of the Class, or, in the alternative, acted with reckless disregard for the truth
7 when they failed to ascertain and disclose the true facts in the statements made by
8 them or other personnel of the Company to members of the investing public,
9 including Plaintiff and the Class.

10 54. As a result of the foregoing, the market price of AbbVie securities was
11 artificially inflated during the Class Period. In ignorance of the falsity of the
12 Company's and the Individual Defendants' statements, Plaintiff and the other
13 members of the Class relied on the statements described above and/or the integrity of
14 the market price of AbbVie securities during the Class Period in purchasing AbbVie
15 securities at prices that were artificially inflated as a result of the Company's and the
16 Individual Defendants' false and misleading statements.

17 55. Had Plaintiff and the other members of the Class been aware that the
18 market price of AbbVie securities had been artificially and falsely inflated by the
19 Company's and the Individual Defendants' misleading statements and by the material
20 adverse information which the Company's and the Individual Defendants did not
21 disclose, they would not have purchased AbbVie securities at the artificially inflated
22 prices that they did, or at all.

23 56. As a result of the wrongful conduct alleged herein, Plaintiff and other
24 members of the Class have suffered damages in an amount to be established at trial.

25 57. By reason of the foregoing, the Company and the Individual Defendants
26 have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder
27 and are liable to the Plaintiff and the other members of the Class for substantial
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1 damages which they suffered in connection with their purchases of AbbVie securities
2 during the Class Period.

3 **COUNT II**

4 **Violation of Section 20(a) of The Exchange Act**

5 **Against the Individual Defendants**

6 58. Plaintiff repeats and realleges each and every allegation contained in the
7 foregoing paragraphs as if fully set forth herein.

8 59. During the Class Period, the Individual Defendants participated in the
9 operation and management of the Company, and conducted and participated, directly
10 and indirectly, in the conduct of the Company's business affairs. Because of their
11 senior positions, they knew the adverse non-public information regarding the
12 Company's business practices.

13 60. As officers and/or directors of a publicly owned company, the Individual
14 Defendants had a duty to disseminate accurate and truthful information with respect
15 to the Company's financial condition and results of operations, and to correct
16 promptly any public statements issued by the Company which had become materially
17 false or misleading.

18 61. Because of their positions of control and authority as senior officers, the
19 Individual Defendants were able to, and did, control the contents of the various
20 reports, press releases and public filings which the Company disseminated in the
21 marketplace during the Class Period. Throughout the Class Period, the Individual
22 Defendants exercised their power and authority to cause the Company to engage in
23 the wrongful acts complained of herein. The Individual Defendants therefore, were
24 "controlling persons" of the Company within the meaning of Section 20(a) of the
25 Exchange Act. In this capacity, they participated in the unlawful conduct alleged
26 which artificially inflated the market price of AbbVie securities.

27 62. Each of the Individual Defendants, therefore, acted as a controlling
28 person of the Company. By reason of their senior management positions and/or being

1 directors of the Company, each of the Individual Defendants had the power to direct
2 the actions of, and exercised the same to cause, the Company to engage in the
3 unlawful acts and conduct complained of herein. Each of the Individual Defendants
4 exercised control over the general operations of the Company and possessed the
5 power to control the specific activities which comprise the primary violations about
6 which Plaintiff and the other members of the Class complain.

7 63. By reason of the above conduct, the Individual Defendants are liable
8 pursuant to Section 20(a) of the Exchange Act for the violations committed by the
9 Company.

10 **PRAYER FOR RELIEF**

11 WHEREFORE, Plaintiff demands judgment against Defendants as follows:

12 A. Determining that the instant action may be maintained as a class action
13 under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the
14 Class representative;

15 B. Requiring Defendants to pay damages sustained by Plaintiff and the
16 Class by reason of the acts and transactions alleged herein;

17 C. Awarding Plaintiff and the other members of the Class prejudgment and
18 post-judgment interest, as well as their reasonable attorneys' fees, expert fees and
19 other costs; and

20 D. Awarding such other and further relief as this Court may deem just and
21 proper.

22 **DEMAND FOR TRIAL BY JURY**

23 Plaintiff hereby demands a trial by jury.

24
25 Dated: September 21, 2018

Respectfully submitted,

26
27 **THE ROSEN LAW FIRM, P.A.**

28 By: /s/ Laurence M. Rosen

1 Laurence M. Rosen, Esq. (SBN 219683)
2 355 S. Grand Avenue, Suite 2450
3 Los Angeles, CA 90071
4 Telephone: (213) 785-2610
5 Facsimile: (213) 226-4684
6 Email: lrosen@rosenlegal.com

7 *Counsel for Plaintiff*
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